YDHZ

120 PK
120 Mfl

CS : 10-07-12
HAMISH MAXWELL

CC: RWM, TG, WTM, GEK (PME)
T.M. KEARNS, R.L. SNYDER, L. POLLAK,
F.M. DULLES, M. JOURNOT (PMI)

1. LEGAL

A) EEC

THE EUROPEAN COMMISSION CONFIRMED BY TELEX ON JUNE 25TH THAT THE REPLIES TO THE STATEMENT OF OBJECTIONS MUST BE FILED BY 31 JULY 1982 AND THAT THE DATES FOR THE ORAL HEARING ARE SET FOR 31 AUGUST AND 1 SEPTEMBER 1982.

PM LAWYERS MET IN BRUSSELS ON 29 JUNE TO REVIEW THE OVERALL POSITION AND THE FIRST DRAFT OF THE REPLY BRIEF AND MET AGAIN ON 8 JULY TO REVIEW THE RESPECTIVE PM AND REMBRANDT APPEAL BRIEF DRAFTS. IT IS PLANNED THAT ALL PM SUBMISSIONS WILL BE READY ON TIME. SUBSEQUENTLY LAWYERS FROM REMBRANDT APPLIED FOR AND WERE OFFERED AN EXTENSION OF 30 DAYS PROVIDED CERTAIN CONDITIONS WERE MET. WE BELIEVE THE CONDITIONS ATTACHED TO BE COMPLETELY UNACCEPTABLE AS DO REMBRANDT. THUS, DESPITE THEIR NEED FOR TIME, REMBRANDT NOW ACCEPTS TO PROCEED PER THE ORIGINAL TIMETABLE ALTHOUGH SOME DELAY IN THEIR WRITTEN SUBMISSION IS STILL POSSIBLE.

THE FIRST DRAFT OF THE GUTOWSKI ECONOMIC STUDY WAS DISCUSSED ON JULY 12 IN FRANKFURT. COMMENTS WERE EXCHANGED AND A SECOND DRAFT IS IN PREPARATION. IT IS PLANNED TO SUBMIT THE FINAL STUDY TO THE EEC COMMISSION BEFORE THE HEARING.

B) GERMANY

THE THIRD DRAFT (CONSIDERED BY OUR LAWYERS TO BE COMPLETE) OF THE JOINT BRIEF TO BE FILED BY PM, REMBRANDT AND RI WITH THE BERLIN COURT OF APPEALS IN RESPECT OF OUR APPEAL OF THE FCO DECISION WAS DISCUSSED ON 13 JULY IN FRANKFURT AND IS READY. AN ENGLISH TRANSLATION WAS DISTRIBUTED LAST WEEK.

C) CANADA

J.B. CLAXTON (B+H CANADA OUTSIDE COUNSEL) WAS CONTACTED BY J. SIMS OF THE DEPARTMENT OF JUSTICE WITH A REQUEST THAT THEY BE ALLOWED A TWO-WEEK EXTENSION IN WHICH TO PREPARE THEIR DEFENSE IN CONNECTION WITH THE LEGAL ACTION BETWEEN B+H CANADA AND FIRA.

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Source: https://www.industrydocuments.ucsf.edu/docs/hqkx0000

A) BANGLADESH/SRI LANKA

IT APPEARS THE LAKHANI (CONTROLLING SHAREHOLDER OF LAKSON TOBACCO COMPANY) IS PLANNING TO SET UP MANUFACTURING FACILITIES IN BANGLADESH/SRI LANKA AND RI HAVE AN OPTION TO INVEST UP TO 26 O/O OF THE PAID-UP CAPITAL OF EACH COMPANY. THEY HAVE INDICATED THE INTENTION TO DO SO IN BANGLADESH AS SOON AS THAT COMPANY IS ESTABLISHED.

B) CANADA

M. ROUX ADVISED E. HOUMINER AT DISCUSSIONS IN LONDON THAT THE CARLING O'KEEFE AGREEMENT WITH UNITED BREWERIES (WITH WHOM CARLING HAS UNDER LICENSE TURBORG + CARLSBURG) PROHIBITED CARLING O'KEEFE FROM TAKING ON ANY OTHER EUROPEAN BRAND, AND SO THEY CANNOT BE INTERESTED IN LOWENBRAU.

C) CYPRUS

OUR AGREEMENT FOR THE LOCAL PRODUCTION OF MARLBORO UNDER LICENSE WITH GARANIS + PETRIDES HAS NOW BEEN APPROVED BY THE CENTRAL BANK. THIS MEANS THAT WE CAN NOW PREVENT THE REPACK OPERATIONS WITHOUT HAVING TO COMMENCE LOCAL MANUFACTURE IMMEDIATELY. LOCAL MANUFACTURE IS PLANNED TO START IN SEPTEMBER.

D) INDIA

J. WOOD CONFIRMED TO N. JANELLE, ON 14 JUNE IN LONDON, THAT CARRERAS ROTHMANS BOARD HAVE DECIDED TO GO WITH NATIONAL TOBACCO COMPANY IN INDIA RATHER THAN GODFREY PHILLIPS OF INDIA. WOOD EXPLAINED THAT THE DECISION WAS MADE ON THE BASIS THAT THE COO-PERATION COULD AGGREVATE THE EEC SITUATION, AND THAT THERE WAS NO ADVANTAGE OF NATIONAL OVER GPI. PM HAS REQUESTED RI AND REMBRANDT TO REVIEW THE ARRANGEMENT.

E) JAPAN

RI HAS OFFERED DISTRIBUTION OF CARTIER TO MITSUI, ONE OF PM'S TWO DISTRIBUTORS AND WHO HANDLES PARLIAMENT AND OTHER PREMIUM BRANDS. THIS MAY HELP MITSUI TO EXPAND ITS SALES FORCE, WHICH WILL HAVE SOME BENEFIT FOR PM BRANDS.

F) MALAYSIA

SINCE THE LICENSE AGREEMENT WAS SIGNED WITH PRM MALAYSIA, FOR THE DISTRIBUTION OF MARLBORO, ACCOMPANIED BY A REDUCTION IN RETAIL PRICE, SALES HAVE INCREASED FROM 10 MILLION TO 44 MILLION PER MONTH. WE ARE ON SCHEDULE FOR 100 MILLION PER MONTH BY YEAR-END, AT WHICH TIME WE WILL SWITCH TO LOCAL MANUFACTURE FROM CUT FILLER. WINSTON SALES HAVE PLATEAUED AT A LEVEL OF 120 MILLION PER MONTH.

G) NIGERIA

A MEETING BETWEEN H. SCHEDEL OF PM AND MAITLAND OF RI WAS HELD IN LAUSANNE ON JULY 9, TO CONTINUE DISCUSSIONS ON THE PRODUCTION BY PMN OF ROTHMANS AND ST. MORITZ UNDER LICENSE. PM HAD PREVIOUSLY INDICATED THAT THEY WOULD EXPECT TO SHARE IN PROFITS ON INCREMEN-TAL SALES LIKELY TO ARISE IN BENIN AND NIGER AS A RESULT OF LOCAL PRODUTION AND PROMOTION IN NIGERIA OF THESE BRANDS.

RI MADE A PROPOSAL THAT THEY WOULD BE PREPARED TO PAY TO PM THE SAME ROYALTY (APPROXIMATELY DLRS 0.42/1000) ON THESE INCREMENTAL SALES AS PMN MUST PAY ON THE LOCAL LICENSE PRODUCTION.

RI ALSO INDICATED THEY WOULD LIKE TO LICENSE A FURTHER BRAND (NOT SPECIFIED) TO BE SOLD IN THE MIDDLE PRICE SEGMENT. PM AGREED TO CONSIDER THIS, BUT WOULD OBVIOUSLY PREFER TO USE ONE OF ITS OWN TRADEMARKS FOR AN ENTRY INTO THIS SEGMENT.

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Source: https://www.industrydocuments.ucsf.edu/docs/hqkx0000

AT A MEETING IN LONDON ON 14 JUNE, J. WOOD (RI) AND N. JANELLE (PM) AGREED TO ATTEMPT A JOINT PRESENTATION TO THE THAILAND TOBACCO MONOPOLY DURING THIS WEEK, WITH THE INTENTION OF SECURING LICENSING AGREEMENTS FOR BOTH COMPANIES' BRANDS. THE INITIAL CONTRACT WILL BE MADE THROUGH MR. PANDIT BUNYAPANA, DIRECTOR GENERAL OF EXCISE FOR THAILAND, A FRIEND OF MR. JOHN WEBB, U.K. MARKETING DIRECTOR OF RI. THE ARGUMENTS TO SECURE FAVORABLE CONSIDERATION WILL BE BASED ON A REDUCTION OF EXPORT II PRODUCTS, ADDITIONAL REVENUES FOR THE MONOPOLY AND EXCISE DEPARTMENT, TECHNOLOGICAL ASSISTANCE, AND THE HIGH LEVEL OF PM/RI LEAF PURCHASES.

I) UNITED STATES

J. MORGAN, R. FITZMAURICE AND E. HOUMINER VISITED STELLENBOSCH, SOUTH AFRICA ON JUNE 19-24, 1982 TO DISCUSS PLANS FOR REMBRANDT BRANDS LAUNCH IN THE U.S. BY PM. MARKETING PLANS AND PACK DESIGNS WERE PRESENTED AND DISCUSSED WITH A. RUPERT. THE FINAL VERSIONS OF THE LICENSEE AGREEMENT BETWEEN REMBRANDT AND PM COVERING THE REMBRANDT TRADEMARKS IN THE U.S. WERE LEFT WITH REMBRANDT.

ON THE 20TH OF JUNE PM PRESENTED, AND LEFT WITH REMBRANDT, THE FINAL DRAFT FOR THE CHESTERFIELD LICENSE AGREEMENT FOR SOUTH AFRICA.

3. OPERATIONS

A) ET

ON 1 JULY 1982 MESSRS. G. KARANDJOULIS, J. KRAUSS AND H. SCHILDWACHTER OF PM MET WITH MARTIN BRINKMANN PERSONNEL IN MUNICH. MARTIN BRINKMANN IS INTERESTED IN ETNA FROM THE PM MUNICH PLANT AND IT HAS BEEN AGREED FOR A TRIAL OF BETWEEN 2,000 - 6,000 KG. TO BE RUN IN SEPTEMBER 1982. PM HAVE OFFERED TO SUPPLY ET TO MARTIN BRINKMANN ON AN ONGOING BASIS AND HAVE ALSO OFFERED ASSISTANCE IN BUILDING AN ET PLANT FOR MB.

B) CONTRACT MANUFACTURING

PHILIP MORRIS AND MARTIN BRINKMANN HAVE CONFIRMED AGREEMENT FOR CONTRACT MANUFACTURING BY MB BREMEN FACTORS. PM HAS ACCEPTED THE CONVERSION FEE OF DM 4.51 PER 1,000 CIGARETTES AS PROPOSED BY MB. PMG IS DRAFTING THE CONTRACT. PRODUCTION OF MPH IS SCHEDULED TO BEGIN ABOUT MID-AUGUST WITH A VOLUME OF 20 TO 25 MIO CIGARETTES PER MONTH. THE CONTRACT IS SCHEDULED TO LAST 12 MONTHS.

C) VISITS

- MR. C. BRANSTON OF ROTHMANS INTERNATIONAL VISITED PMG FACTORY IN BERLIN ON JUNE 14, 1982.

- MESSRS J. FAIRLEY AND M. PARKER, CARRERAS ROTHMANS, VISITED THE ETNA PLANT AT PM MUNICH ON JUNE 23-24, 1982.

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Source: https://www.industrydocuments.ucsf.edu/docs/hqkx0000

A) MARTIN BRINKMANN HAS ANNOUNCED RESULTS FOR THE YEAR ENDING 31 MARCH 1982. TOTAL REVENUES FOR THE YEAR WERE DOWN BY 2.2 O/O, FROM DM 2,764 IN 1981 TO DM 2,704 MIO FOR 1982. NET PROFIT WAS DM 16.4 MIO COMPARED WITH DM 47 MIO FOR 1981. UNIT VOLUME WAS DOWN 4 O/O FROM 28.746 BIO UNITS IN 1981 TO 27,440 BIO UNITS IN 1982. FULL DETAILS WILL FOLLOW WHEN RELEASED BY MARTIN BRINKMANN.

B) QUARTERLY REPORTING

ON HIS VISIT TO STELLENBOSCH, SOUTH AFRICA, JUNE 19-24 1982, E. HOUMINER DISCUSSED WITH M.J. ROUX OUR CONTINUING NEED TO MEET WITH RI PERSONNEL TO OBTAIN FINANCIAL DATA AND EXPLANATIONS NECESSARY FOR OUR QUARTERLY REPORTING REQUIREMENTS. R. SNYDER, T. KEARNS AND E. HOUMINER MET WITH MJ. ROUX IN LONDON ON 15 JULY 1982. IT WAS AGREED BY ALL CONCERNED THAT PM, RI, REMBRANDT AND COOPERS + LIBRAND WOULD MEET AT THE LONDON OFFICES OF C+L TO REVIEW QUARTERLY FINANCIAL DATA REQUIRED BY PM.

C) ROTHMANS BOND INTEREST

ROTHMANS BOND INTEREST OF DM 21.8 (MIO) WAS RECEIVED ON 30 JUNE 1982 AND REMITTED TO NEW YORK PER INSTRUCTIONS.

5. GENERAL

A) TABACOFINA

TABACOFINA HAVE ANNOUNCED A CONSOLIDATED AFTER-TAX PROFIT OF BFR. 494 (MIO) FOR THE YEAR ENDING MARCH 31, 1982, COMPARED WITH BFR. 409 (MIO) FOR THE PREVIOUS YEAR. IN ADDITION, THE GROUP RECEIVED BFR. 352 (MIO) FROM THE SALE OF THE MAIN SUBSIDIARIES OF BV TEIC, AN ORGANIZATION TRADING IN LEAF TOBACCO MAINLY IN BRAZIL AND ZIMBABWE. FULL DETAILS OF RESULTS WILL FOLLOW WHEN RELEASED.

B) CARROLLS INDUSTRIES

THE IRISH TIMES, JULY 8, 1982. IN AN ANALYSIS OF THE 92 LARGEST COMPANIES IN IRELAND, PUBLISHED BY THE BUSINESS RATIO REPORT ON COMPANY PERFORMANCE, CARROLLS INDUSTRIES, WAS REPORTED AS ONE OF THE TOP PERFORMERS IN THE COUNTRY IN TERMS OF RETURN ON SHAREHOLDERS' FUNDS IN 1980/81.
THE GROUP'S RESULT, COMPARED WITH A MEDIAN FOR MANUFACTURING OF 11.5 O/O, WAS 24.6 O/O.

C) ROTHMANS OF PALL MALL (AUSTRALIA)

IN THE AUSTRALIAN FINANCIAL REVIEW, JULY 5, 1982 THE INVESTOR COLUMN LOOKS AT THE RECENT SHARE PRICE BEHAVIOR OF ROTHMANS OF PALL MALL (AUSTRALIA), AND PROVIDES THE FOLLOWING COMMENTARY :

INSTITUTIONS WAITING FOR THE TRADITIONAL DROP IN TOBACCO SHARE PRICES IN ADVANCE OF THE BUDGET HAVE BEEN DISAPPOINTED AS ROTHMANS SHARES CONTINUE TO GAIN. THE SHARES ARE NOW VERY CLOSE TO THEIR YEAR'S HIGH. THIS REFLECTS THE EXPECTATION OF STRONG SECOND HALF RESULTS FOLLOWING THE 46 O/O GAIN IN PROFITS REPORTED FOR THE FIRST HALF TO DECEMBER 31.

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Source: https://www.industrydocuments.ucsf.edu/docs/hqkx0000

THE TOBACCO INDUSTRY IN GENERAL SEEMS CONFIDENT GIVEN EXPANSIONS PLANNED BY PHILIP MORRIS AND AMATIL'S LARGE PAGEWOOD PROJCT. ROTHMANS ITSELF HAS JUST SUCCESSFULLY LAUNCHED TWO NEW PRODUCTS, BOTH UNDER TIS OWN NAME. THE COMPANY IS ALSO ABOUT TO LAUNCH TWO NEW BRANDS IN BRISBANE UNDER THE STUYVESANT LABEL.

ROTHMANS SHARES CURRENTLY AT ADLRS 5.46 ARE WELL UP FROM THE YEAR'S LOW AT DLRS 4.25. THE SHARES HAVE BEEN STRONGLY RECOMMENDED BY JONES, GRICE AND T.C. POWELL + PARTNERS. YEAR-END RESULTS ARE DUE ON AUGUST 9.

D) NORTH KOREA

RI HAS CONCLUDED AN AGREEMENT FOR THE SUPPLY OF CUT FILLER AND THE MATERIAL FROM THE UK FOR THE LOCAL PRODUCTION OF ''KIM''. THEIR AGREEMENT APPEARS TO INCLUDE THE SHIPMENT OF EXPORTS TO NORTH KOREA ALTHOUGH THIS IS NOT YET STARTED.

E) PAKISTAN

RI HAVE WRITTEN TO LAKHANI REQUESTING AN EXTENSION OF THEIR OPTION FOR EQUITY PARTICIPATION IN LAKSON TOBACCO COMPANY.

F) ROTHMANS EGYPT PROJECT

THERE HAVE BEEN PRESS REPORTS THAT THE ROTHMANS PROPOSED JOINT VENTURE WITH THE PUBLIC SECTOR EASTERN TOBACCO COMPANY MAY BE CANCELLED.

THE CAIRO WEEKLY AL-SHAAB REPORTED THAT THE INDUSTRY AND MINERAL WEALTH MINISTER HAS DECIDED THE PROJECT WOULD BE HARMFUL TO THE EGYPTIAN ECONOMY. ACCORDING TO THE MIDDLE EAST ECONOMIC DIGEST,

ROTHMANS CONSIDERS THE PROJECT TO BE ALIVE. THE VENTURE INVOLVING A NEW FACTORY IS AT A REPORTED INVESTMENT OF DLRS 20.8 MILLION.

G) CANADA

M. POLLACK AND M. JACQUITH VISITED MONTREAL ON 8, 9 JULY TO DISCUSS PLANS AND ACTION IN CANADA CONCERNING FIRA PROBLEMS.

H) CHINA

RI EXPECT TO SIGN A CONTRACT MANUFACTURING AGREEMENT WITH HUNAN FACTORY SOME TIME SHORTLY. IT APPEARS THAT THEIR CONTRACT INVOLVE INITIAL PRODUCTION OF A LOCAL BRAND, WITH A PROFIT SHARING FORMULA, AND A SECOND INTERNATIONAL BRAND FOR SALE IN HARD CURRENCY OUTLETS AND FOR WHICH RI IS COMMITTED TO EXPORT ONE MILLION PER MONTH.

RI HAVE AGREED THAT PM'S LEAF PERSONNEL CAN ACCOMPANY THE RI AGRONOMIST NEXT TIME HE VISITS THEIR LEAF GROWING PROGRAM IN HUNAN.

THIS IS A MAJOR AREA FOR LEAF GROWING AND IT IS POSSIBLE THAT WORLD QUALITY TOBACCO COULD BE GROWN IN MEANINGFUL QUANTITIES. RI AND PM COULD POSSIBLY COMBINE LEAF SOURCING FOR USE IN LOCAL PRODUCTION AND FOR EXPORT.

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Source: https://www.industrydocuments.ucsf.edu/docs/hqkx0000

i) AUSTRALIA

D.M. HOARE, DIRECTOR PM AUSTRALIA, WAS VISITING LAUSANNE 6-13 JULY DISCUSSING PLANS AND ACTIONS IN AUSTRALIA CONCERNING POTENTIAL FIRB PROBLEMS.

j) SHARE PRICES

	JUNE 11	JUNE 21	JUNE 25	JULY 4	JULY 11
ROTHMANS INTERNATIONAL (PENCE)	93	91	89	91	91
RI CONVERTIBLE POUNDS/ DM BONDS (DM)	3159	3159	3179	3169	3179
DUNHILL (PENCE)	268	270	270	265	265
CARROLLS (IRISH POUNDS)	63	61	61	61	59
TABACOFINA (BF) - SPOT	2470	2590	2545	2560	2540
ROTHMANS OF PALL MALL CANADA (CAN DLRS)					
- COMMON	21 3/4	21	20 1/8	20 3/4	21 1/2
- PREFERRED 'A'	--	29 1/4	N/A	N/A	N/A
CARLING O'KEEFE (CAND DLRS)					
- COMMON	7	6 7/8	7	6658	N/A
- PREFERRED 'A'	--	--	15 3/4	N/A	N/A
ROTHMANS OF PALL MALL AUSTRALIA (AUS DLRS)					
- SYNDEY	5.60	5.50	5.40	5.36	5.36
ROTHMANS INDUSTRIES, N.Z. (N.Z. DLRS)	--	--	1.52	1.54	1.55
ROTHMANS OF PALL MALL MALAYSIA (SING DLRS)	3.10	3.10	N/A	3.06	2.94
ROTHMANS INDUSTRIES LTD. (SING DLRS)	1.61	1.61	N/A	1.56	1.49

REGARDS,
E. HOUMINER
+++ME

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Source: https://www.industrydocuments.ucsf.edu/docs/hqkx0000